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IN THE

Supreme Court of the United States

OCTOBER TERM, 1951.

No. 776

CARDOX CORPORATION,
Petitioner,

vs.

ARMSTRONG COALBREAK COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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The Schaffer Press, Inc.—ANdover 3-6850

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vs.

ARMSTRONG COALBREAK COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in the above entitled case on January 15, 1952.

Opinion Below.

The opinion of the Court of Appeals (R. 486) is reported in 194 F. (2d) 376.

Jurisdiction.

The judgment of the Court of Appeals was entered on January 15, 1952. (R. 498) Petition for rehearing was denied on February 19, 1952. (R. 531) The jurisdiction of this Court is invoked under 28 U. S. C. Section 1254 (1).

Questions Presented.

1. Whether a patent on a part of an apparatus is misused when the entire apparatus is leased for a single consideration.

2. Whether the leasing of an apparatus which is protected by a combination patent may constitute a misuse of other patents which relate to only one part of the apparatus.

3. Whether a patentee is estopped to assert infringement of the claims in suit by reason of arguments made by its attorneys in Patent Office proceedings but not accepted or relied on by the Patent Office and not even directed to the claims in suit.

4. Whether findings of fact on the issue of infringement, which were admitted by the Court of Appeals to be supported by expert testimony, were properly set aside by that court merely because it disagreed with the expert witnesses in a scientific field peculiarly within the province of experts.

Statutes Involved.

Petitioner's action for infringement is predicated on the patent laws of the United States, 35 U. S. C. 70.

Statement.

Petitioner is the owner of three patents[1] relating to an apparatus used in coal mines to break down coal safely by means of compressed air instead of explosives. The apparatus includes a cartridge, a motor, a compressor, and tubing, valves and connectors which make it possible to operate the cartridge by remote control. Two of peti-

[1] Armstrong patent No. 2,212,891 (R. 405); Harris patent No. 2,083,705 (R. 410); Dull patent No. 2,083,695 (R. 459).

tioner's patents (Harris and Armstrong) are on the cartridge; the third is a combination patent covering the entire apparatus. (R. 458-462).

In an action for infringement of the two patents on the cartridge, the District Court held claims 2, 3 and 6 of the Armstrong patent and claim 1 of the Harris patent to be valid and infringed by respondent.[2] The District Court rejected the defense of "misuse of patents." (R. 384-390).

The Court of Appeals also held that the patents are valid, (R. 485-490) but reversed the District Court on three grounds. With respect to claims 3 and 6 of the Armstrong patent, the Court held that the position taken by the petitioner's counsel in an interference proceeding in the Patent Office estopped petitioner from asserting infringement by respondent's cartridge.[3] On this point the decision of the Court of Appeals is in square conflict with the decision of the Court of Appeals of the Second Circuit in *A. G. Spauld-*

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[2] Suit was originally brought against Freeman Coal Mining Corporation, a lessee of the infringing device (R. 3). By stipulation respondent was substituted as defendant (R. 16).

[3] The holding of the Court of Appeals with respect to these claims is stated in its opinion as follows:

"There is no remote control in the accused device within the meaning of the Armstrong patent in suit as limited by its interference file wrapper. During the prosecution in the Patent Office of the Armstrong patent in suit, it became involved in an interference with the application of Ferrell and Helmholtz which resulted in Patent No. 2,253,115. Plaintiff's attorneys defined what the term 'remote control' is not intended to cover in the Armstrong patent in suit saying,

'A collapsible bar adapted to give way at a predetermined pressure does not in any sense respond to the limitations of the count. The count necessarily requires the existence of some releasable means under the control of the operator at a point remote from the cartridge, and this releasable means cannot constitute merely a rupturable disc or element in the cartridge assembly which is solely responsive to the charging pressure.'

Plaintiff is therefore estopped to assert that claims 3 and 6 which specify remote control are infringed by the accused device which has no releasable means under the control of the operator and can only shoot when the nail or shear pin on the cartridge ruptures at a predetermined pressure." (R. 493-494).

ing & Bros. v. *John Wanamaker,* 256 Fed. 530, 533-534 (CA 2, 1919). With respect to the other claims, the Court of Appeals found no infringement because, in its view, respondent's device contained no "differential valve."[4] The Court of Appeals gave no weight to the contrary findings of the District Court because the term "differential valve" was not expressly defined in the findings. (R. 490-493)

Finally, after candidly stating that "the question is not free from doubt," the Court of Appeals held that petitioner had misused its patents by leasing the entire coal-breaking apparatus as a single unit. (R. 497) This novel holding raises two questions which merit this Court's attention. First, is it illegal to lease as a unit an apparatus containing both patented and unpatented parts? It should be noted that the question is whether the form of lease is per se illegal, for the record discloses no requests for leases of only part of petitioner's apparatus, no business reason for leasing less than the entire unit, and no refusals by petitioner of such partial leases. The holding of the Court of Appeals goes considerably beyond the view which was considered and rejected by this Court in *Automatic Radio Co.* v. *Hazeltine,* 339 U. S. 827, 834 (1950).

The second question raised by the misuse holding is whether, in any event, the lease was proper because of petitioner's combination patent. This question was not discussed by the Court of Appeals, even though petitioner expressly directed attention to the fact that its combination patent covers the entire apparatus which is leased

[4] The Court of Appeals finding of no infringement also applied to claim 3 of the Armstrong patent. Although both grounds of decision applied to that claim, the asserted estoppel was the only basis of decision with respect to claim 6 of Armstrong, and lack of infringement was the only ground with respect to claim 2 of Armstrong and claim 1 of Harris.

as a unit. (R. 506-507) The Court of Appeals may have ignored this patent because petitioner did not claim that it was infringed. Nevertheless, on the facts before the court, the leasing of a patented combination as an entity was held to be a misuse of the patents on a part of the whole. This holding is entirely without precedent or reason to support it.

Because of its exceptional importance, the misuse issue will be discussed first. The facts will be stated in more detail in connection with each of the issues.

Specification of Errors to Be Urged.

The Court of Appeals erred:

1. In holding that petitioner had misused its patents.

2. In holding that petitioner was estopped from asserting that claims 3 and 6 of Armstrong patent No. 2,212,891 were infringed by respondent's device.

3. In reversing the findings of the District Court that claim 1 of Harris patent No. 2,083,705 and claims 2, 3, and 6 of Armstrong patent No. 2,212,891 were infringed by the accused device.

4. In reversing the judgment of the District Court.

Reasons for Granting the Writ.

1. The Court of Appeals decision on the misuse question fails to give proper effect to this Court's decision in Automatic Radio Co. v. Hazeltine, 339 U. S. 827, 834 (1950). If that decision is not applicable, then the Court of Appeals has passed on an original question which is clearly of sufficient importance to be settled by this Court. The question is properly here for review.

Petitioner uses a form lease in renting its "Airdox Unit" to coal operators. (R. 323-326) Each such unit

includes five cartridges, a motor, a compressor, several valves and unions, 3,500 feet of tubing, and all necessary connectors. (R. 323) Petitioner manufactures the patented cartridges and also the compressors but it manufactures the latter only because suitable compressors made by others are unavailable. The motors and copper tubing are standard equipment; the steel tubing, the fittings and the valves are all especially designed for use with petitioner's patented cartridges; all of these parts are obtained by petitioner from others. (R. 41-42) The lessee pays a rental of 6¢ per ton of coal broken by the Airdox Unit. (R. 323)

Petitioner has not sold or leased the Airdox cartridges separately. There is no evidence, however, that petitioner was ever requested to lease or sell any part of the unit separately, or that it ever refused to lease or sell the patented cartridge separately. The record does not suggest any reason why a coal operator might want to obtain the various parts separately and assemble his own coal-breaking apparatus. Indeed, it is of interest to note that respondent also uses a standard form lease covering a complete unit and providing for the payment of a rental of 6¢ per ton of coal broken with the unit. (R. 327, 328)

Petitioner did not lease its patented cartridge on condition that the lessee obtain unpatented materials from it.[5]

[5] For this reason petitioner believes that it would not assist this Court in its consideration of the petition to analyze and discuss the "tie-in" cases. **Motion Picture Patents Co. v. Universal Film Mfg. Co., et al.**, (1917) 243 U. S. 502 (1917); **Carbice Corp. of America v. American Patents Development Corp., et al.**, 283 U. S. 27 (1931); **Leitch Mfg. Co. v. Barber Co.**, 302 U. S. 458 (1938); **Morton Salt Co. v. G. S. Suppiger Co.**, 314 U. S. 488 (1942); **B. B. Chemical Co. v. Ellis**, 314 U. S. 495 (1942); **Mercoid Corp. v. Mid-Continent Investment Co., et al.**, 320 U. S. 661 (1944). All of these cases involved a refusal to market the patented invention, except on condition that the vendee or lessee obtain unpatented materials from the patent owner. The facts of the instant case disclose no such refusal or condition.

The lessee is free to obtain separate parts from any source he chooses and may terminate the lease upon fifteen days' notice. (R. 324) In finding No. 41, the District Court stated:

> "The agreement under which plaintiff leases coal-breaking equipment to users contains no 'tie-in' clause and there is no evidence of any 'tie-in' features or arrangements on the part of the plaintiff." (R. 388)

Although the grounds of its decision are not entirely clear, it was apparently the view of the Court of Appeals that petitioner's lease was invalid because it specified a single rental for the entire apparatus and contained no provision for reducing the rent in the event that the lessee should employ substitute parts. The Court accepted defendant's claim:

> "that every lessee of an Airdox Unit is in fact restrained as a prospective purchaser of defendant's cartridges because under the airdox lease, the lessee must pay plaintiff 6¢ a ton, irrespective of whether the cartridges he uses are airdox or those manufactured by defendant; that if a lessee preferred to use defendant's cartridges, it would nevertheless have to pay the full rent under the lease for the use of the Airdox Unit."

The Court thus ruled that the Airdox lease was invalid because it provided for the payment of the same royalty whether the lessee used the patented cartridge or not. It is submitted that this ruling cannot be reconciled with the recent holding of this Court that a licensee "cannot complain because it must pay royalties whether it uses Hazeltine patents or not." *Automatic Radio Co.* v. *Hazeltine*, 339 U. S. 827, 834 (1950).

Apart from the failure to give proper effect to the *Hazeltine* opinion, the novelty and importance of the deci-

sion of the Court of Appeals provides sufficient basis for review by this Court. According to the Court of Appeals, petitioner's lease is invalid because a single consideration is paid for the use of an apparatus composed of unpatented as well as patented parts. Under this view, every lease or sale of a complicated piece of equipment by a person who owns a patent on less than all its parts is invalid. The effect of the ruling is to grant a blanket permission to potential infringers to make exact copies of all patented articles which, as a practical matter, can be marketed only as parts of more complicated mechanisms. Manufacturers of almost every conceivable kind of equipment are apparently given *carte blanche* to use exact copies of all of the patented integral parts used by their competitors.

The far reaching significance of the ruling of the court below is also manifest when its effect on thousands of patentees is considered. The Court of Appeals would apparently deny any patent protection to the owners of patents on parts of automobiles, refrigerators, business machines, cement mixers and countless other devices, unless each of the patented parts is marketed separately—a method of marketing which would be wholly impracticable and obviously contrary to the public interest. A ruling of this general importance clearly calls for the exercise of this Court's discretionary certiorari jurisdiction.

It is appropriate to emphasize that the alternate ground for the Court of Appeals decision is not an objection to the allowance of the writ. In the first place, as is pointed out hereinafter, the holding of non-infringement itself raises questions which merit review. In the second place, the decision on the misuse issue affects rights that would

have been untouched if the court had merely held that respondent was not an infringer. Such a holding would have permitted petitioner to continue to lease its apparatus as a unit. But since the decision on the misuse issue has adjudicated petitioner's right to use its form lease, as matters stand now, there is danger that all of its outstanding leases may be challenged as illegal per se. Review of the misuse issue is clearly appropriate in the circumstances of this case.

Petitioner also submits that this Court may appropriately consider the effect of the combination patent despite the fact that it was completely ignored in the opinion of the court below. In both its brief on the merits and its petition for rehearing, petitioner pointed out that the entire Airdox unit is the subject of a combination patent. The petition for rehearing contained the following paragraph:

> "The decision is particularly hard to understand when consideration is given to the fact that plaintiff owns a combination patent on the entire unit covered by the plaintiff's lease. (Dull Patent No. 2,083,695; R. 458-62; See Plaintiff's Brief, p. 83.) In reciting the fact that the patented cartridges are leased 'in combination with other elements and equipment,' the Court states that the other elements are unpatented (Op. 11). But the Court completely ignores the fact that the entire combination is covered by a patent (R. 458-62). The unit which is leased for a single consideration is the same unit that is covered by the combination patent. If it is illegal to lease the entire patented combination as a unit, it would be equally illegal to lease the patented cartridge separately *because it too is made up of various unpatented parts.* How, then, can plaintiff or any other patent owner make any use of its patents?" (R. 506-507)

This question, though unanswered by the Court of Appeals, should be considered by this Court.

2. The decision of the court below that arguments made by petitioner's attorney in a Patent Office interference proceeding involving a patent claim not in suit estop petitioner from asserting infringement of other claims is in direct conflict with (a) the rule consistently applied in the Second Circuit that arguments of counsel cannot in themselves give rise to an estoppel, and (b) the rule of the First Circuit that Patent Office proceedings relating to a claim not in suit cannot give rise to an estoppel affecting the claims in suit.

The Court of Appeals held that petitioner was estopped to assert that claims 3 and 6 of the Armstrong patent are infringed by the accused device. This estoppel formed an alternative ground of decision of non-infringement of claim 3, but is the sole basis for the decision of non-infringement of claim 6.[6]

In the Patent Office proceeding which eventually resulted in the granting of the Armstrong patent, an interference was declared between claim 18 of the Armstrong application and an application filed by Ferrell and Helmholtz. The question whether the claims contained in the two applications overlapped depended on whether the term "remote control" in the Armstrong application should be given a broad or a narrow construction. Petitioner's attorneys, in support of a motion to dissolve the interference, argued that a narrow construction was proper. The Patent Office, however, rejected this argument and refused to dissolve the interference. Petitioner acquiesced in this ruling, and the Armstrong patent later issued without any retreat by the Patent Office from its determination that the term "remote control" should be broadly, not narrowly, defined.

[6] See R. 493-494 quoted in note 3, p. 3, supra; see also note 4, p. 4.

In the instant case, the question whether "remote control" should be defined broadly or narrowly is substantially the same as the issue which was involved in the Patent Office interference proceeding. Petitioner's present position accords with the construction adopted by the Patent Office but is, admittedly, inconsistent with the argument which it unsuccessfully advanced in that office.

The Court of Appeals estoppel ruling is based solely on this inconsistency. No action of the Patent Office was predicated on petitioner's argument, no claims were amended, and no appeal was taken by petitioner from the Patent Office ruling. It is, therefore, clear that in the Seventh Circuit the purpose of examining a file wrapper is not to ascertain the construction of the patent adopted by the Patent Office at the time of its issuance, but rather to search for inconsistencies between arguments previously advanced by counsel and the patent owner's present position. This approach is the exact opposite of that taken by the Court of Appeals for the Second Circuit. There the sole purpose for which the file wrapper can be examined is to assist the court in construing the patent which ultimately issued.

The conflict of decision between the two Circuits is direct and clear because the Second Circuit has squarely ruled that no estoppel can arise from arguments made by an applicant and not accepted or relied on by the examiner. Judge Learned Hand succinctly stated the Second Circuit rule in *A. J. Spaulding & Bros.* v. *John Wanamaker,* as follows:

> "Therefore the successive rejections of this claim necessarily involved the rejection of the construction which the plaintiff seeks to put upon the patent at the present time—or at least, so its seems to us—and concludes it by estoppel from the interpretation

> which it now seeks to put upon those claims which the patentee eventually got. *We take this occasion, however, once more to say that in the consideration of a file wrapper we do not look at the arguments of the applicant to the examiner.* We wish it to be understood that, as we conceive the purpose for which the file wrapper can be examined, it covers simply the question of estoppels through rejected claims. The whole doctrine is somewhat anomalous at best, since it involves looking at preliminary negotiations in the interpretation of a formal document intended to be the final memorial of the parties' intentions. The practice, however, is too well settled for us to disturb, and we have no intention of casting any doubt upon it. *This court, nevertheless, has twice already disapproved the practice of bringing into the interpretation the arguments of an applicant. Westinghouse Electric Co.* v. *Condit Elec. Mfg. Co.*, 194 Fed. 427, 430, 114 C. C. A. 389; *Auto Pneumatic Action Co.* v. *Kindler & Collins*, 247 Fed. 323, 328, 159 C. C. A. 417. We repeat now that disapproval." (Emphasis added.) 256 Fed. 530, 533-534 (1919).

Judge Hand's statement of the rule has been consistently followed in the Second Circuit. *Baltzley* v. *Spengler-Loomis Manufacturing Co.*, 262 Fed. 423, 426 (1919); *General Electric Co.* v. *P. R. Mallory & Co.*, 298 Fed. 579, 586 (1924); *Catalin Corporation* v. *Catalazuli Mfg. Co.*, 79 F. (2d) 593, 594 (1935); *Katz* v. *Horni Signal Mfg. Corporation*, 145 F. (2d) 961, 963 (1944).

The decision of the court below predicates an estoppel on the argument made by petitioner's attorneys in the interference proceedings. It thus approves the practice which the Second Circuit has specifically and emphatically disapproved.

The ruling of the court below is also in conflict with decisions of the Court of Appeals for the First Circuit

for a different, though related, reason. As noted above, the asserted basis for the estoppel was an argument made by petitioner's counsel in an interference proceeding relating to Armstrong's claim 18, a claim not involved in the instant litigation. Since no one of the claims in suit was amended or narrowed in the Patent Office proceedings, the Court of Appeals for the First Circuit would find no estoppel in this case no matter what might have occurred with respect to claim 18.

In *American Cone & Wafer Co.* v. *Denaro*, 297 Fed. 913 (CA 1, 1924) that court expressly confined its consideration of file wrapper history to proceedings involving the claims in suit. It stated:

> "We have carefully studied the history of the proceedings in the Patent Office, as shown by the file wrapper, which discloses that the patent in suit was placed in interference with several patents in the pastry making art, and also in the glass molding art; that some of the original claims were canceled, and others were amended. No one of the 15 claims of the patent in suit, which it is alleged were infringed by the defendant, was amended or narrowed, and all are in the same form as when the application was presented. They therefore should not be considered as having been restricted or narrowed by any action of the Patent Office upon the other claims, but are entitled to a broad construction."

The rule of that case was again applied in *Standard Mailing Machines Co.* v. *Ditto, Inc.*, 100 F. (2d) 466, 468-469 (CA 1, 1938). That rule is in direct conflict with the decision of the court below that the file wrapper history of claim 18 can estop petitioner from relying on a broad construction of the language of claims 3 and 6 as allowed by the Patent Office.

It is important to the administration of the patent laws that the conflict between the Second Circuit and the Seventh Circuit, and also the conflict between the First Circuit and the Seventh Circuit, be resolved by this Court.

3. Since the District Court's findings of infringement of claims 2 and 3 of the Armstrong patent and claim 1 of the Harris patent were supported by the clear weight of the evidence, the reversal of these findings by the Court of Appeals upon a de novo appraisal of the evidence was such a flagrant departure from the accepted interpretation of Rule 52 (a) of the Federal Rules of Civil Procedure as to call for an exercise of this Court's power of supervision.

On the issue of infringement of claims 2 and 3 of the Armstrong patent and claim 1 of the Harris patent, the decisive question is whether respondent's accused device contains a "differential valve." The experts for both parties agreed that the valve of the accused device acted in response to a differential force. A comparison of the testimony of petitioner's witness McNulty (R. 92-103) and of respondent's witness Wilcox (R. 202-207) makes it perfectly clear that the accused structure operates in the same way to produce the same result as the patented structures. And the trial court so found. (R. 386) In view of the concurrence of the expert witnesses for both sides, these findings were clearly *not* erroneous.

Contrary to the findings of the District Court on this issue of fact,[7] however, the Court of Appeals held that the device did not contain a differential valve. It set aside the District Court's findings of fact, not because they lacked support in the record, but rather because they

[7] **Graver Tank and Manufacturing Co. v. Linde Air Products Co., 339 U. S. 605 (1950) squarely holds that a finding of equivalence is a determination of fact. In so holding, the Court noted that it is particularly important to give proper weight to the findings of the trial court in a case involving "specific scientific problems and principles not usually contained in the general storehouse of knowledge and experience." (pp. 609-610)**

did not include an express definition of the term "differential valve." The Court of Appeals noted that the trial judge's findings were supported by the testimony of plaintiff's expert witness, but it dismissed this evidence with the statement, "We do not agree."[8]

As a result of the court's *de novo* analysis of the evidence, it stated: "Considering the language of the patents in suit, we think a differential valve must have a movable member separating *two pressure chambers* and be connected to the valve head so that whichever pressure is made to predominate will urge the valve head to move correspondingly." (Emphasis added).

This thought has no support in the record. Indeed, not only the expert testimony of witnesses for both petitioner and respondent but the language of the patents as well, make it abundantly clear that the court was mistaken. Claim 2 of the Armstrong patent plainly covers a single chamber.[9] The court may well have fallen into its egregious error because it was not dealing with a matter within its "general storehouse of knowledge and experience." C.f. *Graver Tank & Mfg. Co.*, 339 U. S. 605, 609-610 (1950). Aside from the findings of fact proposed by respondent and rejected by the District Court, but largely paraphrased or embodied verbatim in the opinion of the court

[8] The court stated (R. 491): "Plaintiff's expert witness argued that when a single pressure acts upon an irregular surface the net or resulting force (obtained by cancelling out the uniform opposing forces) is a 'differential force', and that when that newly designated force acts upon a valve such valve is 'the differential valve' specified in the claims in suit.
"We do not agree."

[9] The claim reads as follows: "A material breaking device comprising a cartridge having a chamber adapted to receive a charge of highly compressed air or other gas and a discharge opening through which said charge may escape, and a differential valve within said chamber for controlling said discharge opening." (R. 407).
None of the other claims in suit is limited, as the Court of Appeals would have them limited, to two chambers. (R. 407, 411).

below (Compare R. 487, 492-494 with R. 372, 377-379), there is nothing in the record to support the Court of Appeals' definition of "differential valve".

The action of the Court of Appeals in setting aside the findings of the District Court upon a *de novo* appraisal of the evidence was such a flagrant departure from the accepted interpretation of Rule 52 (a) of the Federal Rules of Civil Procedure as to merit the exercise of this Court's power of supervision.

CONCLUSION.

For the foregoing reasons, it is submitted that the petition for certiorari should be granted,

Respectfully submitted,

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BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable Chief Justice and the Associate Justices of the Supreme Court of the United States:

PRELIMINARY.

The petition for Writ of Certiorari asks this Court to review the decision of the Court of Appeals for the Seventh Circuit in a patent infringement suit. The Court of Appeals held first, (R. 486) that the two patents in suit were not infringed, because the claims do not read on defendant's device and that there is no identity of invention (R. 492); and second, that plaintiff cannot maintain a suit in equity because plaintiff is misusing its patents by unlawfully extending and attempting to extend the monopoly of its patents over unpatented accessories (R. 497).

Supplemental Statement of the Matter Involved.

Petitioner states on page 2 that it is the owner of three patents relating to an apparatus used in coal mines to break down coal safely by means of compressed air instead of explosives. Petitioner agreed at the trial (R. 306) that it owned about seventy-three patents and it did not know of others than defendant, who offered a air coalbreaker in this country (R. 306).

On page 4 of the petition it is stated that the Court of Appeals held that the petitioner had misused its patents by leasing the entire coalbreaking apparatus as a single unit. That is only half true. The Court of Appeals pointed out "There likewise is no conflict in the evidence as to the past business practice of plaintiff in only leasing its patented cartridges as part of a unit together with the unpatented compressor and other components." (R. 497).

It is quite an exaggeration for petitioner to state on Page 7 of its petition that its lessees may terminate their leases upon fifteen-days notice. It is only during a "ninety-day trial period" that lessees may so terminate. (R. 324, paragraphs 9 and 10)

REASONS FOR NOT GRANTING THE WRIT.

The usual reasons for granting a Writ of Certiorari are absent in the present case. There is no conflict in decisions between circuits. Contrary to petitioner's first contention, the decision of the Court of Appeals on misuse is in full accordance with the principles laid down by the decisions of this court in *Motion Picture Patents Co.* v. *Universal Film Mfg. Co., et al.*, 243 U.S. 502; *Carbice Corp. of America* v. *American Patents Development Corp., et al.*, 283 U.S. 27; *Leitch Mfg. Co.* v. *Barber Co*, 302

U.S. 458; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488; *B.B. Chemical Co.* v. *Ellis*, 314 U.S. 495; *Mercoid Corp.* v. *Mid-Continent Investment Corp., et al.*, 320 U.S. 661; *International Salt Co., Inc.* v. *United States*, 332 U. S. 392; and *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 336 U.S. 271; all of which were cited or discussed in the Opinion (R. 495-497).

Petitioner urges as a second ground for granting the Writ that the Court of Appeals for the Seventh Circuit considered the argument made by petitioner's attorney in the Patent Office, which is admittedly opposite to the position petitioner takes in the present litigation, and urges that its reversal of position is proper and that there would be no estoppel under the rule in the Second Circuit, unless some change was made in the claim in suit.

The Court of Appeals merely followed the decision of this Court in *Goodyear Dental Vulcanite Co.* v. *Davis*, 102 U.S. 222, 227, and the rule in practically all circuits, that the representations made to the Patent Office while the application was pending may be used, as with any other written instrument, to confirm what the patentee understood when making his application.

Petitioner urges as a third ground that the Court of Appeals had no right to disagree with a finding of fact (which plaintiff had suggested and was adopted by the District Court). Actually, the Court of Appeals explained fully why the finding was clearly erroneous (R. 491).

The Misuse.

Petitioner does not sell its patented Airdox cartridges, but *only* leases them with unpatented materials and accessories which it calls the "Airdox Unit" (R. 41). According to the only form of lease contract (R. 323) each Airdox unit includes 5 Airdox patented cartridges, and

an unpatented motor, compressor, 4 blow-down valves, 3 line valves, 3 unions, 3,000 feet of steel tubing, 500 feet of copper tubing, and all necessary connectors. The lease contract obligates the lessee to pay 6¢ a ton on coal broken by Airdox, whether he uses all of the expensive unpatented accessories or not.

With this lease agreement, the only possible way anyone can obtain use of the patented cartridges is by entering into a tie-in contract which includes the many unpatented accessories. Competition in unpatented articles is restrained, because the lessee is under a contract in which plaintiff furnishes the unpatented accessories at no extra cost. Obviously, competitors cannot sell or lease compressors, valves, tubing and the like to a lessee who is obliged to pay rent on equivalent accessories of petitioner whether he uses them or not.

Petitioner urges in its footnote on page 6— "that it would not assist this Court in its consideration of the petition to analyze and discuss the 'tie-in' cases", listing six of the decisions of this Court which are discussed in the Court of Appeals decision. Petitioner states on the same page that those decisions of this Court all involve a refusal to market the patented invention, except on condition that the vendee or lessee obtain unpatented materials from the patent owner, and that in the instant case there is no showing of a request and refusal to lease or sell the cartridges separately. Petitioner's president testified that they never sold or leased the patented cartridges alone.

While the Record discloses no specific instance of refusal to do business on a different basis, it is what Petitioner has done (rather than what it has not done) that counts. In the *Carbice* case, 283 U. S. 27, 30, this Court noted that the misuse "restrictions * * * appear not to

have been insisted upon", but there is no suggestion in this record that Petitioner ever relented from its restrictions.

Petitioner has urged that *Automatic Radio Co.* v. *Hazeltine,* 339 U. S. 827, controls the case at bar. Actually, there is no real analogy. *Hazeltine* is merely a research and patent licensing company. It does not sell or furnish any parts, patented or unpatented. The lessee merely takes a license and buys the parts on the open market where the suppliers are in free competition. The license has no effect whatever on the sale or lease of any commodity.

A Patentee Is Bound by His Representations to the Patent Office.

Petitioner is estopped to repudiate representations made to the Patent Office. Petitioner admits representing to the Patent Office that "remote control" as used in the Armstrong patent in suit was not to be interpreted as embracing a collapsible bar mounted on the cartridge (defendant's arrangement). Contrary to the petitioner's statement on page 10 of its petition, the Patent Office did not reject plaintiff's position but pointed out that Ferrell et al patent 2,253,115 (R. 463) showed, in addition to the collapsible bar, a pull wire which gave "remote control".

The Court of Appeals found that the accused device had no "remote control" within the meaning of the Armstrong patent in suit. That this position is correct is clear from a study of all of the patents and examination of the devices themselves, the argument made by the petitioner in the Patent Office, and the agreement of the Patent Office with the argument. The Court of Appeals was unwilling to treat the argument in the Patent Office as idle sales talk, but properly held that it constituted an

estoppel to deny the representation which was made to the Patent Office and is obviously correct. The authority for the decision of the Court of Appeals is in *Goodyear Dental Vulcanite Co.* v. *Davis,* 102 U.S. 222, 227, where this Court said:

> "This construction of the patent is confirmed by the avowed understanding of the patentee, expressed by him, or on his behalf when his application for the original patent was pending. We do not mean to be understood as asserting that any correspondence between the applicant for a patent and the Commissioner of Patents can be allowed to enlarge, diminish, or vary the language of a patent afterwards issued. Undoubtedly a patent, like any other written instrument, is to be interpreted by its own terms. But when a patent bears on its face a particular construction, inasmuch as the specification and claim are in the words of the patentee, it is reasonable to hold that such a construction may be confirmed by what the patentee said when he was making his application. The understanding of a party to a contract has always been regarded as of some importance in its interpretation."

In conformity with the above decision, the courts frequently look to the arguments made by patentees in the Patent Office to find the true meaning of a term, whether or not the language of the claim was changed.

As stated in *Weigand* v. *Bingham Co.,* 106 F. 2d 546, 548 (C.C.A. 6):

> "We are aware that in some jurisdictions reference to file wrapper history to ascertain the meaning of claims is looked upon with disfavor except insofar as it covers the question of estoppel through rejected claims. *Spalding & Bros.* v. *Wanamaker,* 2 Cir., 256 F. 530. This is on the ground that it involves looking at preliminary negotiations in the interpretation of a formal document intended to be the final memorial

of the parties' intentions. We have not so tightly closed the door to inquiry upon the precise concept of the inventor measured by his own representations. *Scaife & Sons* v. *Falls City Woolen Mills*, 6 Cir., 209 F. 210; *Tee Pee Rubber Co.* v. *I.T.S. Rubber Co.*, 6 Cir., 268 F. 250; *Firestone Tire & Rubber Co.* v. *United States Rubber Co.*, 6 Cir., 79 F. 2d 948; *Wood* v. *Peerless Motor Car Corp.*, 6 Cir., 75 F. 2d 554; Cf. *Bishop & Babcock Mfg. Co.* v. *Western Auto Supply Co.*, 6 Cir., 105 F. 2d 886 * * *. Conceding that extrinsic aid to construction must be accepted with caution, yet where in the difficult art of claim draftmanship terms employed in effort to avoid prior art are susceptible of construction transcending the clear limits of the inventive concept, there should be no more reluctance to search for precise meaning than in a private contract."

See also:

E. H. Freeman Electric Co. v. *Weber Electric Co.*, 262 Fed. 769 (C.C.A. 3),

Aleograph Co. v. *Electrical Research Products*, 55 F. 2d 106 (C.C.A. 5),

Godfrey L. Cabot Co. v. *J. M. Huber Corp.*, 127 F. 2d 805 (C.C.A. 5),

Stuebing Truck Co. v. *Olson*, 291 Fed. 63 (C.C.A. 7),

Quick Action Ignition Co. v. *Maytag Co.*, 39 F. 2d 595 (C.C.A. 8),

Warren Bros. Co. v. *Thompson*, 293 Fed. 745 (C.C.A. 9),

Texas Co. v. *Anderson-Prichard Refining Co.*, 122 F. 2d 829 (C.C.A. 10),

Gasoline Products Co. v. *Champlin Refining Co.*, 86 F. 2d 552, 559 (C.C.A. 10),

Superior Skylight Co. v. *Zerbe Constr. Co.*, 5 F. 2d 982 (D.C., E.D. N.Y.),

Mall Tool Co. v. *Quaker Vibrators Inc.*, 30 F.S. 841 (D.C., E.D. Pa.).

The Court of Appeals Is Not Bound by a Finding Which Is Clearly Erroneous.

Petitioner seems to urge that Rule 52 (a) of the Federal Rules of Civil Procedure requires that the Court of Appeals accept a finding of fact if there is any testimony in the Record to support it. However, the rule expressly permits findings of fact to be set aside when clearly erroneous. In the *United States* v. *United States Gypsum Co.*, 333 U.S. 364, 395, this Court said—

> "• • • A finding is 'clearly erroneous' when, although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed".

The Court of Appeals refused to accept the tenuous argument of plaintiff's witness which would have broadened the term "differential valve" sufficiently to cover any valve and make the term meaningless. The Court said (R. 491):

> "Plaintiff's expert witness argued that when a single pressure acts upon an irregular surface the net or resulting force (obtained by cancelling out the uniform opposing forces) is a 'differential force,' and that when that newly designated force acts upon the valve such valve is 'the differential valve' specified in the claims in suit.
>
> We do not agree. Considering the language of the patents in suit, we think a differential valve must have a movable member separating two pressure chambers and be connected to the valve head so that whichever pressure is made to predominate will urge the valve head to move correspondingly. The accused structure completely lacks the two essential pressure chambers separated by a piston that characterizes a differential valve as described in the patents in suit."

In refusing the finding, the Court of Appeals did not "merely" disagree with the argument of plaintiff's witness, but the Court carefully considered the documentary evidence, the language of the patents in suit, and showed the fallacy of the witness in trying to make the term "differential valve" meaningless.

CONCLUSION.

The decision of the Court of Appeals that petitioner has misused its patents is in strict conformity with the principles of the decisions of this Court, which are referred to in the Court of Appeal's decision (R. 495-497).

It is equally clear that the Court of Appeals was correct in holding that neither of the patents in suit is infringed by the accused device.

The "Questions Presented" by the petition here seem to foreclose consideration of the validity of the patents (Cf. *Exhibit Supply Co.* v. *Ace Corp.*, 315 U.S. 126, 138).

Because there is no new question of law or public interest involved, the petition for Writ of Certiorari should be denied.

Respectfully submitted,

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May 29, 1952.